

THE GAZETTE
LETTERS TO THE EDITOR
August 23, 2005

PROPOSALS ALLOW STATE TO RECOVER FROM SLUMP

As voters consider Referendums C and D, it's important to get past rhetoric and slogans and focus on the facts about TABOR and the budget. Richard Wheelis ("Spending, not TABOR, to blame for tight budgets", August 18, 2005) calls for a rainy day fund for surplus tax revenues in good times. As a long time advocate of such a fund, I heartily agree. But Mr. Wheelis needs to understand that TABOR currently does not allow this – surpluses must be returned promptly to taxpayers rather than saved for bad times. If Colorado had put dollars above the TABOR spending limit into a rainy day fund -- instead of into refunds and tax cuts during the 1990's - -we could have avoided the gutting of higher education, roads, and other critical areas when our economy tanked a few years ago.

After cutting billions of dollars from the state budget, Colorado now has a goal of having no more than 40% of our state maintained highways in "poor" condition. (This compares to an average of 10-15% in most states). We are now at the bottom in state assistance per student at public colleges and universities. Students will be paying 100% of their costs in a few years without the provisions of Referendum C. A recovering economy would normally provide funds to build back capacity in those areas. But the TABOR formula for spending limits (last years spending plus inflation plus population growth) doesn't allow state finances to share in an economic recovery.

Referendums C and D have bipartisan support (including that of Gov. Owens) expressly because they leave much of TABOR intact. Referendum C waives the spending limit for five years to allow state government to recover financially along with our economy. After that, TABOR's limit on year to year spending increases goes – unchanged -- right back into place. Referendum D allows bonding for needed infrastructure.

TABOR, like most laws, isn't perfect. Adjustments are needed to meet the needs of a growing economy and a changing society. Referendum C allows creation of a rainy day fund once past budget cuts are backfilled. That would be a good plan for Colorado's future and I hope that concerned voters will strongly encourage it-- after helping the referenda to pass.

Daphne Greenwood, Professor of Economics
University of Colorado at Colorado Springs